



STATE RETIREMENT
and PENSION SYSTEM
of MARYLAND

Two candidates qualify for seats on Board

TWO CANDIDATES FOR THE BOARD OF TRUSTEES

of the State Retirement and Pension System of Maryland were successful in collecting the 500 required signatures to vie for seats on the Board this spring.

As the only qualified candidates, incumbent employees' representative John W. Douglass will retain his Board seat and new teachers' representative Theresa Lochte will assume the seat currently held by Trustee Carl D. Lancaster, who chose not to seek reelection after 20 years of dedicated Board service.

Because Mr. Douglass and Ms. Lochte are unchallenged, a trustee election will not be conducted. The two successful candidates will serve terms on the Board from August 1, 2007 to July 31, 2011. Mr. Douglass has served on the Board since 2004.

The Board of Trustees is charged with the fiduciary responsibility for properly administering the retirement and pension allowances of more than 103,000 retirees and beneficiaries as well as the future benefits for more than 188,000 active members. These groups include state government employees, teachers, law enforcement personnel, legislators, judges and local government employees and fire fighters whose employers have elected to participate in the System.



Legislative update

THE 2007 MARYLAND GENERAL ASSEMBLY enacted and Governor Martin O'Malley signed into law several bills of special interest to members of the State Retirement and Pension System (SRPS). These bills become effective July 1, 2007.

CHAPTERS 138 / 139, ACTS OF 2007: STATE RETIREMENT AND PENSION SYSTEM – TRANSFER OF SERVICE CREDIT

Synopsis: Permits eligible members who joined a State Retirement and Pension System plan, but failed to meet the one-year deadline to transfer eligible service from their previous system, to request a waiver of the deadline from the Executive Director of the State Retirement Agency. The Retirement Agency must develop regulations pertaining to a waiver.

CHAPTER 443, ACTS OF 2007: TEACHERS' RETIREMENT SYSTEM AND TEACHERS' PENSION SYSTEM – REEMPLOYMENT OF RETIREES

Synopsis: Expands the earnings limit exemption for Teachers' System retirees to include retirees who are reemployed as classroom teachers, substitute classroom teachers, teacher mentors or principals in public schools in which more than half the students are eligible for free or reduced-price meals.

Also permits school superintendents to hire an increased number of Teachers' System retirees to teach at any school, without an earnings limit, in areas of critical shortage or in classes for students with special needs or limited English proficiency.

CHAPTER 465, ACTS OF 2007: CORRECTIONAL OFFICERS' RETIREMENT SYSTEM – DIVISION OF PRETRIAL DETENTION AND SERVICES AND PATUXENT INSTITUTION – REEMPLOYMENT OF RETIREES

Synopsis: Expands the earnings limit exemption for eligible retirees of the Correctional Officers' System to include those reemployed by the Division of Pretrial Detention and Services or by Patuxent Institution. To be eligible for the exemption, a retiree must be rehired on a contractual basis for not more than four years and work as a correctional officer in a correctional facility.

See Legislative update, page 5

What happens to unused sick leave days at retirement?

IF YOU RETIRE WITHIN 30 DAYS OF SEPARATING FROM EMPLOYMENT, your accumulated unused sick leave days will be converted to additional creditable service, thus increasing the amount of your monthly retirement benefit.

Unused sick leave, however, cannot be used to qualify for a benefit or lessen any early retirement reduction.

To determine how much additional credit you will receive, divide your total number of unused sick leave days by 22. If the number of days remaining is 11 or more, add an additional month.

For example, if you have 128 days of unused sick leave, divide 128 by 22. This calculation produces a total of five months, 18 days. Since 18 days are greater than 11 days, you will receive six months of additional retirement credit. A conversion chart is included in your Benefits Handbook.

There is a maximum to the number of unused sick leave days that can be reported, which is 15 days for each year of membership.

Who is a Retirement Coordinator?



YOUR EMPLOYER HAS DESIGNATED

a special person, usually your personnel or payroll officer, to serve as Retirement Coordinator. This person assists you with basic retirement matters such as the completion of State

Retirement and Pension System forms. The Coordinator at your agency or division also ensures that you receive important benefit information issued by the State Retirement Agency.

While the Coordinator is able to provide you with general information, he or she is not an agent of the Retirement System and is not authorized to advise you on specific matters. For this type of assistance, you must contact a Retirement Benefits Counselor at 410-625-5555 or 1-800-492-5909.

If you work after retirement, earnings limits may apply

For retirees of the State Retirement and Pension System (SRPS), certain types of employment after retirement are subject to an earnings limit.

If your compensation from employment after retirement exceeds your earnings limit, your benefit may be reduced. Prior to accepting work with any participating employer, you must notify the Retirement Agency in writing of your anticipated earnings. A participating employer is any employer that offers SRPS benefits to its employees.

Retiring members should also be aware that Maryland law requires a minimum separation from service of at least 45 days prior to any reemployment with the same employer from which the member retired. Also, no offers of reemployment should be made or discussed between you and your current employer until after you retire.

Reemployment rules discussed here apply for most retirees. Special rules apply for retired judges, legislators, State Police and law enforcement officers. Contact a Retirement Benefits Counselor at 410-625-5555 or 1-800-492-5909 if you have any questions.

See Earnings limits, Page 4

When an accident or illness strikes, disability benefits provide valuable protection

DISABILITY RETIREMENT BENEFITS PROVIDE VALUABLE PROTECTION FOR MEMBERS

who suffer a serious injury or illness that permanently incapacitates them from performing their job duties.

TYPES OF DISABILITY RETIREMENT

The State Retirement and Pension System provides benefits for two types of disability retirement: ordinary and accidental.

- Ordinary disability covers any permanently disabling physical or mental condition.
- Accidental disability covers permanently disabling injuries that a member sustains in an accident that occurs on the job while he or she is performing assigned duties.

For either type of disability retirement, the medical condition must permanently prevent the member from performing the duties of his or her position.

SPECIAL RULES FOR LAW ENFORCEMENT OFFICERS AND STATE POLICE

To be eligible for accidental disability retirement, a member of the Law Enforcement Officers' Pension System (LEOPS) must be totally and permanently incapacitated for duty arising out of, or in the course of, the actual performance of duty without willful negligence by the member. The same standard applies for State Police; however, the term "special disability" is used instead of "accidental disability."

ELIGIBILITY

To be eligible to apply for ordinary disability retirement, a member must have at least five years of eligibility service. There is no service requirement for members to apply for accidental or special disability retirement. Retirees are not eligible to apply for disability benefits. Also ineligible to apply are members who terminate employment and withdraw their employee contributions.

FILING REQUIREMENTS

For members seeking disability retirement benefits, timely filing is essential. Members may file for disability benefits while on payroll or within a set period of time, depending on their system, after leaving payroll. An additional filing extension may be granted for members who can prove they were mentally or physically incapacitated from filing within the deadline due to the disability itself. The requirements to receive this filing extension are difficult to meet. The chart lists the various filing deadlines.

Applications for accidental disability retirement must be filed within five years of the date of the accident. This filing deadline for accidental disability does not apply to the State Police, Correctional Officers', or Law Enforcement Officers' systems. Members who believe they may be eligible for disability benefits should contact a Retirement Benefits Counselor immediately.

DISABILITY FILING DEADLINES

System	After leaving payroll	Additional filing extension (if applicable)
Teachers' Retirement	5 years	1 year
All other systems	4 years	2 years

Know how to file for disability

FILING FOR DISABILITY RETIREMENT BENEFITS IS A TWO STEP PROCESS.

A member seeking disability benefits must 1) file a disability claim and then 2) apply to actually retire.

STEP 1: FILE A DISABILITY CLAIM

A member filing for ordinary or accidental disability benefits must submit to the State Retirement Agency (SRA) the following forms and materials:

- *Statement of Disability* (Form20),
- pertinent medical records,
- current job description signed by employer,
- *Preliminary Application for Disability Retirement* (Form129), and
- *Application for an Estimate of Disability Retirement Allowances* (Form 21; Form 22 for State Police; Form 100 for LEOPS).

Additionally, for State Police members, the Maryland State Police Medical Director submits a medical summary.

Members applying for accidental or special disability also must submit the following:

- employer's first report of injury,
- copies of Workers' Compensation awards and
- medical evidence directly connecting the accident as the cause of the disability

OR

- evidence that the disability arose out of, or in the

course of, the performance of duty (Maryland State Police and LEOPS only).

Following a review by the Retirement Agency's Medical Board, the Board of Trustees takes final action on the claim and the applicant is notified. This process can take one to three months, or longer for complicated cases.

STEP 2: IF APPROVED, APPLY TO ACTUALLY RETIRE

If the claim is approved, the member will receive an estimate of his or her monthly disability retirement payment. To retire and begin collecting monthly benefits, the member must submit the following:

- *Application for Service or Disability Retirement* (Form 13-23; Form 14-24 for State Police; Form 98-101 for LEOPS),
- *Electronic Fund Transfer (Direct Deposit) Sign-Up* (Form 85),
- *Reemployment After Retirement* (Form 127; Form 128 for State Police; Form 131 for LEOPS) and
- *Federal and Maryland State Tax Withholding Request* (Form 766).

Retirement Benefits Counselors at the State Retirement Agency are available to answer questions and guide members through the filing process. For more information, call a Retirement Benefits Counselor at 410-625-5555 or toll free 1-800-492-5909.

Earnings limits continued from page 2

WHO IS SUBJECT TO AN EARNINGS LIMIT?

All service retirees, returning to work for the same employer, are subject to an earnings limit. All units of Maryland State government, including the University of Maryland, are considered to be one employer.

If a service retiree returns to work for a different employer, only early service retirees within the first 12 months of retirement are subject to an earnings limit.

Service retirees are exempt from earnings limits after nine full calendar years of retirement. (This exemption does not apply to retired judges or legislators.)

If you are retiring as a member of the Teachers' Systems or Correctional Officers' Retirement System, you may qualify to be exempt from the earnings limitation rules if you meet certain criteria. Contact a Retirement Benefits Counselor for more information.

RULES FOR DISABILITY RETIREES

Ordinary disability retirees who accept employment with a participating employer are subject to an earnings limit

until they reach normal retirement age for their system.

Ordinary disability retirees reemployed by a non-participating employer and accidental disability retirees are exempt from earnings limits.

Disability retirees also may be subject to a suspension of their benefit if reemployed by a participating employer at an annual salary at least equal to their average final compensation.

FOR UP-TO-DATE INFORMATION

When you retire, the State Retirement Agency will mail you a Notice of Retirement Allowance stating your earnings limit. A complete explanation of reemployment rules is printed on Form 127, available online at www.sra.state.md.us or from your Retirement Coordinator. (State Troopers should refer to Form 128. Members of the Law Enforcement Officers' Pension System should consult Form 131.) Before becoming reemployed, check the latest edition of the Reemployment After Retirement form for your system for the most up-to-date information.

Legislative update

Legislative update continued from page 1

CHAPTERS 39 / 40, ACTS OF 2007: DARFUR PROTECTION ACT – DIVESTITURE FROM THE REPUBLIC OF SUDAN

Synopsis: Requires the SRPS Board of Trustees to review the System's investments to identify funds invested in companies doing business with Sudan. Also requires the Board to encourage such companies not to promote or enable human rights violations in Sudan, authorizes the Board to divest in such companies and prohibits the Board from investing net new funds in such companies.

CHAPTER 480, ACTS OF 2007: MILITARY SERVICE THAT INTERRUPTS STATE SERVICE – CALCULATION

Synopsis: Provides that retirement credit for military service interrupting membership shall be calculated using the highest benefit multiplier in effect at the time of retirement.

CHAPTER 329, ACTS OF 2007: COMPLIANCE WITH THE FEDERAL PENSION PROTECTION ACT OF 2006

Synopsis: Permits the spouse or designated beneficiary of a deceased member, former member or beneficiary to rollover a single payment survivor benefit into an eligible retirement plan. Also permits employers to submit only a resolution to the Board to participate in the Employee Pick-Up Program (pre-tax on employee contributions).

CHAPTER 334, ACTS OF 2007: ADMINISTRATION – SIMPLIFICATION

Synopsis:

- Provides that eligible new employees must elect to join the Optional Retirement Program within one year of becoming eligible for membership. Existing employees eligible to join the Optional Retirement Program must do so by October 1, 2007.

- Enables eligible members who are separated from employment to purchase service credit for an SRA-approved leave of absence provided that the purchase is made within 60 days after the expiration of the leave.
- Clarifies that appointed or elected officials who, on or after July 1, 2007, are members of another State or local retirement system are not required to join the Employees' Pension System.
- Provides that retired judges who accept employment that is wholly or partly compensated with State, county or municipal funds are exempt from an earnings limit *unless* they retired from any unit of State government and return to work for any unit of State government. If a retired judge, through such reemployment, subsequently earns an additional retirement benefit, the benefit from the Judges' Retirement System will be reduced by the amount of this additional benefit.

CHAPTER 337, ACTS OF 2007: ALTERNATE CONTRIBUTORY PENSION SELECTION – CLARIFICATIONS

Synopsis: Permits members of the Alternate Contributory Pension Selection plan (in most cases, after one year of employment) to combine prior vested or non-vested service earned in another SRPS Employees' or Teachers' Pension System plan. Claims for previous non-vested service from a non-contributory pension system must be made by members who are subject to the Alternate Plan on or before June 30, 2010, and who have not been separated from employment for more than four years.

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